

Message Text

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ORIGIN EB-03

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DRAFTED BY EB/IFD/OIA:DHSTEBBING

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ARA/NC/V:TWSONANDRES

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R 220046Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

C O N F I D E N T I A L STATE 097263

LIMDIS

E.O. 11652: GDS

TAGS: EINV, ENRG, VE

SUBJECT: PETROLEUM INDUSTRY NATIONALIZATION: STATUS OF
COMPENSATION PAYMENTS

1. AS EMBASSY AWARE, OIL NATIONALIZATION LAW GIVES GOV
CONSIDERABLE LATITUDE TO ASSESS CHARGES AGAINST COMPENSA-
TION DURING THE THREE YEARS FOLLOWING NATIONALIZATION.
WE HAVE RECEIVED INDICATIONS THAT COMPANIES MAY BE EXPERI-
ENCING SOME DELAYS IN RECEIPT OF CASH PAYMENTS AND RELEASE
OF GUARANTY FUND DEPOSITS. SINCE SUFFICIENT TIME HAS
ELAPSED SINCE NATIONALIZATION FOR SIGNIFICANT PAYMENTS TO
HAVE BEEN MADE, WE BELIEVE THAT IT IS NOW TIMELY TO CANVASS
THE COMPANIES ON THIS SCORE AND REQUEST THAT EMBASSY, UN-
LESS IT PERCEIVES REASON TO CONTRARY, TAKE THE LEAD IN
DEVELOPING INFORMATION.

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2. REQUEST THAT DURING NEXT SEVERAL WEEKS, EMBASSY BE IN TOUCH WITH AS MANY FORMER US CONCESSIONAIRES AS OPPORTUNITY AND TIME CONSTRAINTS PERMIT, INCLUDING BOTH LARGER AND SMALLER COMPANIES, TO GET STATUS REPORTS ON PAYMENT OF COMPENSATION. IN ADDITION TO DIRECT PAYMENTS AND AMOUNTS OF CASH OR BONDS RELEASED FROM GUARANTY FUNDS, WE WOULD APPRECIATE INFORMATION ON ANY PAYMENT SCHEDULES THAT MAY HAVE BEEN ESTABLISHED (IN WRITING OR

IN VERBAL UNDERSTANDINGS) AND HOW PAYMENT IS RELATED TO GOV VERIFICATION OF INVENTORIES AND EXAMINATION OF CONDITION OF FACILITIES. ARCO, FOR EXAMPLE, INFORMED US THAT GOV HAS AGREED IN WRITING TO RELEASE PROGRESSIVELY 8 PERCENT OF THE GUARANTY FUND FOR EACH ADDITIONAL 10 PERCENT OF FACILITIES FOUND TO BE IN ACCEPTABLE CONDITION DURING GOV REVIEW OF FACILITIES, THEREBY PROVIDING FOR FAIRLY PROMPT INSTALLMENT PAY-OUT OF AS MUCH AS 80 PERCENT OF THE GUARANTY FUND. IT MAY ALSO BE POSSIBLE WHILE DISCUSSING QUESTION OF COMPENSATION TO GET A READING AS TO WHETHER COMPANIES ANTICIPATE DEDUCTS FOR IMPROPER MAINTENANCE THAT ARE UNWARRANTED OR OF A SERIOUS MAGNITUDE.

3. WE RECOGNIZE THAT OBTAINING SUCH DATA FROM ALL OR MOST OF THE COMPANIES WILL CONSTITUTE A SIZABLE DEMAND ON THE EMBASSY'S TIME AND SUGGEST THAT YOU FORWARD THE INFORMATION AS IT BECOMES AVAILABLE FROM EACH COMPANY. KISSINGER

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